

In January 2004, an FCC arbitration resulted in a change in local usage rates.<sup>25</sup> In accordance with the FCC Wireline Competition Bureau's order in the Virginia Arbitration, DA 04-181, issued on January 29, 2004, Verizon revised its switching rates retroactive to August 1, 2002. As a result of this action, Verizon implemented a billing system update (Initiative 388597) to apply the agreed upon rates and to initiate retroactivity to CLEC accounts. This information was provided to Verizon's wholesale customers in an industry letter dated December 3, 2004, which also explained when the credits would be posted to their accounts.<sup>26</sup>

Under Initiative 388597, Verizon applied credits to Lightwave's bills subsequent to October 15, 2004 in the total amount of \$232,322.04.<sup>27</sup> In other words, Lightwave has already received credit for more than the amount it claims it is due for the period covered by this arbitration. Lightwave's request for any further credits with respect to this dispute should be denied, and Lightwave should be compelled to pay Verizon the amounts that it has been withholding.

Verizon respectfully requests an award with respect to Local Usage in the amount of \$206,823.32 for Group I and \$902.72 for Group II, as set forth in Verizon's proposed award chart.

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(...Continued)

<sup>24</sup> See Tr. at 187 (11/21/06) (testimony of Mr. Gabrielli).

<sup>25</sup> *Id.* at 190.

<sup>26</sup> *Id.* at 191-92, 195; VZ. Ex. 16.

<sup>27</sup> Tr. at 194-95 (11/21/06); VZ Ex. 15, 17, 18, 19.